

MID SUFFOLK DISTRICT COUNCIL

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| From: Cabinet Member - Finance | Report Number: MCa/17/52 |
| To: Cabinet | Date of meeting: 5 March 2018 |

FINANCIAL MONITORING 2017/18 – QUARTER 3

1. Purpose of Report

- 1.1 Based on the financial performance of the Council during the first 9 months of this financial year and latest information, a reporting by exception approach has been adopted to reviewing income and expenditure budget variances in the first half of the year.

2. Recommendations

- 2.1 The potential or likely variations in relation to the General Fund, Housing Revenue Account and Capital Programme compared to the Budget be noted.
- 2.2 That, subject to any further budget variations that arise during the rest of the financial year, the following net transfers of £1,158k be noted;
- a) The balance of the General Fund surplus of £938k referred to in section 11.7 of the report be transferred to the Business Rates Equalisation reserve to support the 2017/18 deficit on the Business Rates Collection Fund which will materialise in 2018/19.
 - b) Transfer of £78k, being the favourable variance for Planning legal costs to the earmarked reserve, referred to in section 11.8 of this report.
 - c) Transfer of £175k, being the £75k favourable variance for Homelessness and the additional £100k contribution to the earmarked homelessness reserve, referred to in section 11.8 of this report.
- 2.3 The transfer of £100k from HRA Strategic Priorities Reserve to the “Big20” earmarked reserve, referred to in section 11.22 of this report.

Reason for Decisions: To ensure that Members were kept informed of the current budgetary position for both the General Fund and HRA.

3 Financial Implications

- 3.1 These are detailed in the report.

4 Legal Implications

4.1 There are no specific legal implications.

5 Risk Management

5.1 This report is closely linked with risk numbers 5e and 5f of the Council's Significant Risk Register – If we do not understand our financial position and respond in a timely way, then we will be unable to deliver the entirety of the Joint Strategic Plan or the ambition of the HRA 30 year business plan. Other key risks are set out below:

| Risk Description | Likelihood | Impact | Mitigation Measures |
|---|-------------------|----------------|---|
| If the forecast savings and efficiencies are not delivered then it will have a detrimental impact on the resources available to deliver services and the strategic priorities | 3 - Probable | 2- Noticeable | Monitored throughout the year by Finance Teams, Corporate Managers and Assistant Directors |
| If economic conditions and other external factors change for the worse then it could have an adverse effect on the Councils financial position | 3 - Probable | 2 - Noticeable | Focus is on monitoring key income and expenditure streams – but Government changes and economic conditions continue to affect costs and income for a number of services |
| If the Capital Programme delivery is not on target then the strategic priorities will not be delivered as anticipated | 2 - Unlikely | 2 - Noticeable | Regular monitoring by key officers |

6 Consultations

6.1 Consultations have taken place with Assistant Directors, Corporate Managers and other Budget Managers as appropriate

7 Equality Analysis

7.1 An equality analysis has not been completed because there is no action to be taken on service delivery as a result of this report.

8 Shared Service / Partnership Implications

- 8.1 Both authorities continue to work closely together with particular attention given to sharing integration costs and savings between the two Councils, which is reflected in the financial outturn for the year.

9 Links to Joint Strategic Plan

- 9.1 Ensuring that the Councils make best use of their resources is what underpins the ability to achieve the priorities set out in the Joint Strategic Plan. Specific links are to financially sustainable Councils, managing our corporate and housing assets effectively, and property investment to generate income.

10 Key Information

Strategic Context

- 10.1 In February 2017 Mid Suffolk District Council approved the Joint Medium Term Financial Strategy (MTFS). This confirms the direction of travel, in that the Council continues to respond to the financial challenges.
- 10.2 The strategic response to those challenges, to ensure long term financial sustainability, is set out in six key actions:
- a) Aligning resources to the Councils' refreshed strategic plan and essential services
 - b) Continuation of the shared service agenda, collaboration with others and transformation of service delivery
 - c) Behaving more commercially and generating additional income
 - d) Considering new funding models (e.g. acting as an investor)
 - e) Encouraging the use of digital interaction and transforming our approach to customer access
 - f) Taking advantage of new forms of local government finance (e.g. new homes bonus, business rates retention)
- 10.3 The details within the Joint MTFS show that for Mid Suffolk the funding gap for 2018/19 is approximately £0.4m and over the next three years that total funding gap is estimated to be £0.9m. Work will continue on closing this gap by identifying and modelling the outcomes of various initiatives as part of the delivery of the Joint Strategic Plan.
- 10.4 The nature of local government funding has changed in recent years. There is less core funding in the form of Revenue Support Grant (RSG) and more incentivised and one-off funding like New Homes Bonus and retention of business rates. The business rates income is more uncertain than RSG, where appeals and the changing number of businesses within the district impact on the income that is available to the Council. This was reinforced with

the 2016/17 outturn position. It is also important that capital resources are used in ways to support the new business model. The Council is looking to use its assets and borrowing capacity to become self-sufficient from government funding such as New Homes Bonus.

- 10.5 The total estimated core funding for future years is not a fixed guaranteed amount as it is dependent on variations in business rates income. This is carefully monitored and the volatility and risks, for example, rate relief for schools converting to academies and the level of appeals, will affect the amount of income received.
- 10.6 The outcome of these changes and uncertainties is that predicting the resources available to the Council over a period of time is more challenging, so more annual variances against budget will be seen as we develop our financial management skills and processes to fit the new funding environment. Members should therefore focus on whether strategic priorities are being achieved rather than in year variances.

11 Quarter 3 Position

- 11.1 Based upon financial performance and information from April to December (with emerging trends extrapolated to the end of the financial year) and discussions with budget managers, key variations on expenditure and income compared to budget have been identified.
- 11.2 The report covers:
- The General Fund Revenue Budget
 - The HRA Revenue Budget (Council Housing)
 - Both the General Fund and HRA Capital programmes.
- 11.3 Budget monitoring is a key tool and indicator on the delivery of the council's plans and priorities for the year. There will, of course, always be reasons why there are variances such as:
- Economic conditions and those services that are affected by demand
 - Base budgets being over or understated (a number were identified in the 2016/17 financial outturn report to Members)
 - Uncertainties relating to funding or other changes that were not known at the time the budget was approved.
- 11.4 Taking each area in turn, the position on key aspects of the 2017/18 budget is summarised below:

General Fund Revenue Account

- 11.5 In relation to funding:

- (a) Council Tax (£5m): At the end of December, collection rates were 86%, compared with 86.16% for the same period last year. The collecting of council tax remains challenging, especially from those receiving council tax reductions under the Local Council Tax Reduction Scheme (LCTR). Recovery Action is varied and is a high priority for the Shared Revenues Partnership (SRP).
- (b) Government Grants: RSG (£0.4m), baseline business rates (£2m) and New Homes Bonus (£2.03m) were allowed for in the Budget. RSG and NHB are fixed but the actual amount of business rates will vary.
- (c) Business Rates: At the end of December, collection rates were 85.89% compared with 85.37% for the same period last year. The level of Section 31 grants notified to the Council to compensate for national business rate relief is greater than expected by £269k.
- (d) Based on current projections from Suffolk County Council it is estimated that the final Business Rates Pool position will be better than expected. A favourable variance of £76k is anticipated, this is despite the reduction in the rateable value of the Army Air Corps, Wattisham Station totalling £1.5m, backdated to 1 April 2010. The anticipated Collection Fund deficit for 2017/18 is £957k which will impact 2018/19.

11.6 On a reporting by exception basis, a review of expenditure and income budget variances was undertaken. There are two corporate savings targets as detailed below:

- a) It is currently anticipated that the vacancy management savings of £100k will be exceeded, resulting in a favourable variance of £186k, a decrease of £144k since Quarter 2 due to a number of redundancies. To improve the level of accuracy when forecasting redundancies, Finance has been working closely with HR to develop a more robust process. A breakdown of staffing variances for each Service Area is shown in section 11.8 below. For 2018/19, the vacancy management figure has been reviewed to reflect actual experience and increased to £210k (this is equal to a 2.5% turnover of staff).
- b) Included within the 2017/18 budget is a generic savings target of £100k for non-pay expenditure. Further details of the actual non-pay variances are outlined in section 11.8 below. From 2018/19 onwards, this target will be reduced by £20k per year until it is completely removed in 2022/23, as savings are better identified and monitored in individual service areas rather than against a corporate target.

11.7 The overall net favourable variance of £1,158k means that the Council is able to supplement earmarked reserves - £175k to the Homelessness grant reserve, £45k to the Planning reserve and a substantial contribution to the Business Rates Equalisation reserve of £938k to fund the Council's contribution to the anticipated deficit of £957k in 2018/19.

11.8 The table below shows the main items that are included in the overall net favourable variance of £1,158k. The forecast variances identified within this report have been taken into consideration when setting the budgets for 2018/19.

The numbers associated with the ongoing revenue costs for the All Together programme are now included and results in a net cost pressure of £106k

| Explanation | Quarter 2 Amount (£) Favourable / (Adverse) | Quarter 3 Amount (£) Favourable / (Adverse) | Change (£) Favourable / (Adverse) |
|--|--|--|--|
| Communities and Public Access | | | |
| <u>Policy and Strategy (Health and Wellbeing)</u> <ul style="list-style-type: none"> Employee costs – a favourable variance of £13k. This is due to a part year saving for a full-time vacancy. The post was recruited to during September 2017. This saving is for 2017/18 only. Other items (net) – a favourable variance of £10k | 24 | 23 | (1) |
| <u>Public Access</u> <ul style="list-style-type: none"> Employee costs - a favourable variance of £53k. This area of the Council has a high turnover of employees due to the nature of the Customer Services function, resulting in a small number of vacant posts. In Quarter 2 it was estimated that all vacant posts would be recruited to before the end of the year, this was not realistic. | 16 | 53 | 37 |
| <u>Communications</u> <ul style="list-style-type: none"> Employee costs – this favourable variance is attributable to staff vacancies. A review of the structure has been undertaken to ensure that it is fit for the needs of the organisation and is now being recruited to. | 17 | 17 | - |
| <u>Public Realm</u> This area of the Council's work is currently under review. It is therefore likely that the forecasts included are subject to change as the review is finalised. | | | |
| <u>Open Spaces (incl. Countryside Development)</u> <ul style="list-style-type: none"> Due to a number of vacant posts (3.6 fte all with the exception of one shared 50:50), employee costs are expected to result in a favourable variance of £32k. Plant and vehicle costs – an adverse variance of £58k is anticipated. This area is difficult to predict and is very much dependent on a number factors such as the cost of fuel, vehicle repairs etc. This variance can be offset partly by the favourable variance in Street and Major Road Cleaning. | (10) | (68) | (58) |

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| <ul style="list-style-type: none"> • An adverse variance of £52k can be attributed to an income shortfall. This is an improvement of £41k since Quarter 2. The budget in this area has been reviewed for 2018/19. • Other items (net) – a favourable variance of £10k. | | | |
| Car Parks <ul style="list-style-type: none"> • £99k favourable variance due to a significant under spend on premises related expenditure including business rates (£21k). The budget has been adjusted for 2018/19. • The favourable variance offsets an income shortfall of £33k which has arisen due to the closure of Morrisons last year. Income is gradually increasing, however, it is not yet forecast to reach the same level as when Morrisons was open. • Other items (net) – an adverse variance of £11k | 40 | 55 | 15 |
| Street and Major Road Cleansing <ul style="list-style-type: none"> • Employee costs – a favourable variance of £8k due to a vacancy. • Plant and vehicle costs – a favourable variance of £29k is anticipated, an increase of £19k since Quarter 2. This area is difficult to predict and is very much dependent on a number of factors such as the cost of fuel, vehicle repairs etc. This can be utilised to reduce the adverse variance that has arisen in Open Spaces. • Other items (net) a favourable variance of £8k. | 18 | 45 | 27 |
| Other items (net) – a favourable variance of £20k | 16 | 20 | 4 |
| <u>ICT</u> <ul style="list-style-type: none"> • Employee costs – a favourable variance of £38k is anticipated. Included within this variance are 3 full-time vacant posts which are no longer required due to the transfer of functions to SCC IT. This will be an ongoing saving in 2018/19. Also included is an adverse variance of £40k for the cost of redundancy. • Additional service requirements from Suffolk County Council regarding staffing – backfill for maternity cover plus the deployment of additional equipment in relation to the move to Endeavour House is expected to result in an adverse variance of £48k. This is a new variance, not previously reported at Quarter 2. • Other items (net) – a favourable variance of £12k. | 47 | 2 | 45 |

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| Corporate Resources | | | |
| <u>Commissioning and Procurement</u> <ul style="list-style-type: none"> Employee costs - £40k favourable variance. The 2017/18 budget includes provision for two new Grade 6 Business Partner roles. One of these posts has now been offered as an ongoing saving, the other post will be recruited to, but it is anticipated that there will be an 11-month saving. Other items (net) – a favourable variance of £15k. | 37 | 55 | 18 |
| <u>Finance</u> <ul style="list-style-type: none"> The increase in volume of payment cards for housing rents and the postage method by which these cards are issued to tenants has resulted in an adverse variance of £49k. The Finance team is working with the service provider to seek recompense for the higher than expected postage costs. Discussions are also underway with the Housing Corporate Manager to actively promote the use of Direct Debit as the preferred payment method. | - | (49) | (49) |
| <u>HR and Organisational Development</u> <ul style="list-style-type: none"> Employee costs – the Council has employed a number of interns during the course of the year. This was not budgeted for in 2017/18 resulting in an adverse variance of £13k. This has been amended for the 2018/19. A review of training requirements for the Council has been undertaken since the last quarters report to Cabinet. This has resulted in a favourable variance of £20k. £10k of which has been reflected in the budgets for 2018/19. Other items (net) – an adverse variance of £12k | 11 | (5) | (16) |
| Environment and Projects | | | |
| <u>Building Control</u> <ul style="list-style-type: none"> Employee Costs – a favourable variance of £21k which can be attributed to one vacancy. Income shortfall – an adverse variance of £126k is anticipated despite an uplift in fees of 5% from September 2017. As reported in Quarter 2, the variance can be attributed in part to a budget error where VAT of £80k was included, inflating the overall calculation of income to be received in year. A 5% increase in Building Control applications was also factored in to the 2017/18 budgets, but has not been reflected by the actual applications received to date as the service has seen a slight decrease in market share of £46k. These issues have now been resolved and the correct budgets set for 2018/19. | (94) | (102) | (8) |

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| <ul style="list-style-type: none"> Other items (net) – a favourable variance of £3k. | | | |
| <u>Leisure Contracts</u> <ul style="list-style-type: none"> An expected revision of the contract indices for the Mid Suffolk Leisure Centre is forecast to result in a favourable variance of £16k. | 16 | 16 | - |
| <u>Waste</u> <ul style="list-style-type: none"> £109k favourable variance for the Material Recycling Facility (MRF). The gate fee is re-calculated each April making it difficult to accurately reflect the price per tonne. In recent years the basket price has changed from £5/tonne to £12/tonne and is very much dependent on the world market. Mid Suffolk already has an earmarked waste reserve containing £159k. This earmarked reserve is utilised to smooth year on year changes so that the core budget can remain relatively stable. As the waste reserve does not need to be supplemented in 2017/18, it is therefore recommended that the favourable variance of £109k be transferred to the Transformation Fund this year. Glass Collection – this service was introduced in 2016/17 as a new income stream. When the budget was set for 2017/18 it was updated to reflect the income, but not the expenditure. The glass collection service is a viable one and the expected adverse variance of £22k has been adjusted for when setting the budget for 2018/19. Garden Waste – following recent housing growth, subscriptions to the Garden Waste Collection Service has increased. Surplus income of £41k is expected. Trade waste – surplus income of £77k is anticipated. Mid Suffolk’s customer base is expected to grow following continued advertising and promotional activities. Other items (net) –a favourable variance of £28k. | 245 | 233 | (12) |
| Investment and Commercial Delivery | | | |
| <u>Open for Business</u> | 32 | 13 | (19) |
| Tourism <ul style="list-style-type: none"> Based on current income levels for the sale of goods and services, a shortfall of £20k is expected. A £16k underspend is forecast for supplies and services (£5k on contracted services and £10k on print costs for the South and Heart of Suffolk marketing campaign). A review of how this service area is currently provided is being undertaken. Any | | | |

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| <p>budget adjustments required have been made for 2018/19.</p> <p>Licensing</p> <ul style="list-style-type: none"> Employee costs, a favourable variance of £20k is expected as a result of one vacant post (1 fte). <p>Other</p> <ul style="list-style-type: none"> Other items (net) – an adverse variance of £3k. | | | |
| <p><u>Housing Development and Regeneration</u></p> <ul style="list-style-type: none"> The purchase of Paddock House and Needham and Stowmarket Middle Schools as part of the Councils investment and regeneration programme, has resulted in significant revenue expenditure that was not part of the original business case. An adverse variance of £198k is anticipated and includes both ongoing costs such as business rates and one-off costs such as securing the sites. Ongoing costs of approximately £113k have been included in the budgets for 2018/19. Other items (net) – an adverse variance of £26k. | (220) | (224) | (4) |
| Law and Governance | | | |
| <p><u>Information Management</u></p> <ul style="list-style-type: none"> An adverse variance of £66k on employee costs is expected. An increase of £22k since Quarter 2 mainly due to the cost of redundancy within the service. The overall adverse variance is attributable to the re-allocation of resources from the capital element of the JOSIE project to revenue. Land Charges – despite the increased level of activity in the housing market and consequently the increase in the number of searches carried out by the land charges team, a number of these were ‘no fee’ personal searches. An income shortfall of £46k is therefore anticipated, this is an increase of £12k since the previous quarter. Other items (net) – a favourable variance of £6k. | (79) | (106) | (27) |
| <p><u>Internal Audit</u></p> <ul style="list-style-type: none"> Employee costs – an adverse variance of £9k. The need for an additional Grade 5 post was identified after the 2017/18 budget was set. This post was filled and has since become vacant. The Corporate Manager has reviewed resource requirements. An External Quality Assessment (EQA) will be carried out in February 2018. The EQA is a means to measure Internal Audit’s compliance against the Public Sector Internal Audit Standards (PSIAS). An adverse variance of £2k is expected. | (10) | (11) | (1) |

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| <p><u>Shared Legal Services</u></p> <ul style="list-style-type: none"> Employee costs - there were two roles where it was anticipated that these would cease once the Shared Legal Services model was live. This was not the case, the roles ended in October 2017 and an adverse variance of £30k is expected. This is an increase of £10k since the previous quarter and is due to redundancy costs. Legal expenses – expenditure relating to the provision of legal services is charged directly to the service area in which the work took place resulting in a favourable variance of £40k. This variance was not identified in the previous quarter nor was it identified as a savings opportunity for the 2018/19 budget. This will be corrected for the 2019/20. Other items (net) an adverse variance of £16k | (22) | (6) | 16 |
| <p>Planning for Growth</p> | | | |
| <p><u>Development Management</u></p> <ul style="list-style-type: none"> It is anticipated that employee costs will result in a favourable variance of £3k. There is significant change planned in this area i.e. posts being recruited to and service requirements being reviewed. Legal costs awarded for appeals – an under spend of £78k is anticipated. Due to its unpredictable nature, it is recommended that an earmarked reserve be set up to ensure that the core budget can remain relatively stable and the reserve is utilised to smooth year on year changes as referred to in paragraph 2.2 of this report. It is recommended that this favourable variance be transferred to the earmarked reserve. The Council’s Joint Strategic Plan places a clear priority on the delivery of more of the right type of housing, of the right tenure, in the right places. It goes on to explain that the Council is seeking to significantly increase supply and expand our ‘market making’ role in terms of creating the right conditions for developers to work with communities to deliver more housing. Following this commitment, the Council continues to see an increase in planning applications which is likely to result in a favourable variance of £504k, an improvement of £68k since the previous quarter. This follows a more cautious approach to the forecast than previously used. Following the introduction of pre-application charges in July 2017 analysis of current income | 501 | 670 | 169 |

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| <p>levels indicates a favourable variance of £56k. The budget for 2018/19 reflects this new income stream.</p> <ul style="list-style-type: none"> • Other items (net) – a favourable variance of £29k | | | |
| <p><u>Strategic Planning, Sustainable Environment and Heritage</u></p> <ul style="list-style-type: none"> • The staffing resources required in this area continues to be reviewed and as a result vacant posts have been held, this does not impact on the delivery of the Local Plan. As part of the review, it has also been possible to fund the Infrastructure Team (CIL team) from this core budget as opposed to the Transformation Fund. All staff costs associated with the team have been 'backdated' to the start of 2017/18 and are included within this revised variance. It is therefore anticipated that employee costs will remain under spent and result in a favourable variance of £152k, an increase of £29k since the previous quarter. • At Quarter 2 a favourable variance of £128k was reported for Professional fees and legal costs associated with the Joint Local Plan, this will now be carried forward for use in 2018/19 so will not contribute towards the overall favourable position of the Council. • Other items (net) – a favourable variance of £48k. | 275 | 200 | (75) |
| Supported Living | | | |
| <p><u>Business Improvement (Corporate)</u></p> <ul style="list-style-type: none"> • This area is currently under review meaning that the favourable variance of £10k for employee costs is subject to change. | (9) | 10 | 19 |
| <p><u>Property Services</u></p> <ul style="list-style-type: none"> • Creting Road Depot – an adverse variance of £27k is anticipated, the overall variance can be attributed to the cost of legionella testing, the cost of tools and equipment plus ad hoc works to ensure that the site is fit for purpose. This work would still have been required, it has just been 'fast tracked' in readiness for the move, hence it not be included as part of the All Together programme. • Following the move to Endeavour House, the Headquarters building in Needham Market will require 24-hour security. It is anticipated that this will result in an adverse variance of £48k. • Employee costs - a number of changes were required to the Capital Projects Team staffing budget. Unfortunately, these changes were identified too late in the 2017/18 budget setting process. The actual forecast spend better reflects | (69) | (99) | (30) |

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| how the team is spending its time which has resulted in an adverse variance of £24k. | | | |
| <u>Photo Voltaic (PV) Panels (Feed In Tariff Income)</u> <ul style="list-style-type: none"> To enable receipt of the Feed in Tariff (FiT) income all properties must be registered with Ofgem. There are a number of properties where PV panels have been installed, but are still awaiting registration. Any income due will be backdated to when the panels were installed. Following work with the service area, it has been possible to calculate a conservative forecast which results in a net favourable variance of £95k. This includes limited costs for necessary repairs. | 95 | 95 | - |
| <u>Homelessness</u> <ul style="list-style-type: none"> Following the introduction of the Homelessness Reduction Act 2017 (HRA) in April 2017, the Council received a ringfenced grant of £58k. In December 2017, a further grant of £38k was received. There are many implications arising from the new legislation, the most significant change being new prevention duties. As a result, it has been necessary to increase staff resources in the homelessness team to ensure the Councils new responsibilities are fulfilled. This will result in an adverse variance of £23k. Other items (net) – a favourable variance of £2k. <p>It is recommended that the total net favourable variance of £75k be transferred to an earmarked reserve for use in 2018/19 and beyond. A further contribution of £100k is also recommended.</p> | 35 | 75 | 40 |
| Other | | | |
| <u>All Together</u> <ul style="list-style-type: none"> Utilising existing budgets for expenditure such as gas, electricity plus general building costs for the Headquarters site, a favourable variance of £47k is anticipated. This will be used to support the ongoing revenue costs for the All Together programme for which a current estimate of £153k is expected. One-off costs associated with the programme are forecast to be £407k which will be met from the Transformation Fund. | (106) | (106) | - |
| Other items (net) – an adverse variance of £150k | (123) | (150) | (27) |
| <u>Capital Financing Costs</u> <p>An adverse variance of £79k is anticipated. This can be broken down as follows;</p> | (86) | (79) | 7 |

| | | | |
|---|--------------|--------------|-----------|
| <ul style="list-style-type: none"> • Net investment income i.e. CCLA, UBS – a favourable variance of £166k, an improvement of £123k since the previous quarter. • Net interest payable / receivable – a favourable variance of £35k. • CIFCO – a net adverse variance of £213k is anticipated, a reduction of £75k since Quarter 2. This results from a change in timing of purchases compared to the budget assumption. • Minimum Revenue Provision (MRP) – an adverse variance of £67k is predicted. It has been identified that the budgets for 2017/18 did not include an amount for either the PV panels nor land assembly. This has been corrected as part of the budget setting process for 2018/19. | | | |
| <p>Business Rates The net favourable variance of £581k is made up of four key elements. These are detailed below;</p> | | | |
| <ul style="list-style-type: none"> • Timing difference for the distribution of the 2016/17 deficit on the Collection Fund £137k | (137) | (137) | - |
| <ul style="list-style-type: none"> • 2017/18 Baseline business rates less Government tariff has resulted in a favourable variance of £398k. The reduction of £161k since Quarter 2, is due to Mid Suffolk falling into a levy position. | 559 | 398 | (161) |
| <ul style="list-style-type: none"> • Business Rates Pooling Benefit – an estimated pooling benefit of £155k is expected, this a favourable variance of £76k. As referred to in paragraph 11.5 (d). | 118 | 76 | (42) |
| <ul style="list-style-type: none"> • S31 Business Rates Grant – a favourable variance of £244k, an increase of £269k since the previous quarter. As referred to in paragraph 11.5 (c) | (25) | 244 | 269 |
| TOTAL FAVOURABLE VARIANCE | 1,112 | 1,158 | 47 |

Transformation Fund

11.9 A review of Transformation Fund commitments has been undertaken with the support of the Senior Leadership Team, Corporate Managers and Finance.

11.10 The table below provides a high-level summary of the anticipated movement in the Transformation Fund during 2017/18. A more detailed breakdown is shown in Appendix A.

11.11 Transformation Projects that were completed prior to 2017/18 are no longer shown in detail in this report.

| MID SUFFOLK | £'000 |
|--|---------------|
| Balance at 31st March 2017 | 8,238 |
| New Homes Bonus Contribution | 2,028 |
| Business Rates Grant | 844 |
| Total contributions 2017/18 | 2,872 |
| Revised Balance Available | 11,110 |
| LESS; | |
| Funding 2017/18 budget | (267) |
| Community Capacity Building | (250) |
| Delivery Plan projects - Staffing | (428) |
| Actual year to date spend (April - Dec 2017) | (714) |
| Current commitments | (43) |
| PLUS: | |
| Balance on Procurement Reserve no longer required, therefore transferred to Transformation Fund | 16 |
| Balance at 31st March 2018 | 9,424 |

Commitments will continue to be reviewed to ensure the key priorities are supported.

General Fund Capital

- 11.12 Capital resources should be aligned to the Council's Strategic Priorities and desired outcomes. A zero based approach was adopted for the capital programme for 2017/18 to ensure that resources are aimed at delivering the council's strategic priorities.
- 11.13 With complex capital schemes it is difficult to accurately assess the level of payments that will be made during the financial year. The Council has also embarked on new projects e.g. building new homes where it is difficult to accurately predict at the planning stage how payments will fall. Members should therefore focus on whether overall outcomes are being achieved as a result of the capital investment rather than variances against the plan for a particular year.
- 11.14 Following approval by Full Council in April 2017 to set up a holding company, activity to invest the £25m for the Capital Investment began with its first purchase in December 2017. It is anticipated that at least £12.5m will be spent in 2017/18 with the remainder being invested in 2018/19.
- 11.15 Capital expenditure for the period April to December 2017 totals £1.5m, against a revised programme (including carry forwards) of £6m, excluding the £25m, as set out in Appendix B. The main variances to date are set out below:
- Land Assembly, Property Acquisition and Regeneration – favourable variance of £1.7m. A number of significant investment projects, including the regeneration of the HQ sites and the affordable housing programme are

moving forward and will require further capital funding as they progress over the next 6 months.

- Grants for Affordable Housing – it is anticipated that this budget (£500k) will be carried forward at the end of the year for use in 2018/19 and beyond. As the amount is significant, the decision was made not to include any new budget allocation in the Capital programme for 2018/19 onwards.
- Mid Suffolk Leisure Centre and Stradbroke Pool - a favourable variance of £219k is anticipated. However, this is very much dependent on the outcome of the Strategic Leisure Review. The forecast favourable variance for Mid Suffolk Leisure Centre general repairs will be used to partially offset the forecast adverse variance expected for the roof repairs.
- ICT – the majority of the forecast favourable variance (£246k) can be attributed to the JOSIE project. When the 2017/18 budget was set it was anticipated that the project would take a full year to complete, the majority of work has been completed with just a few minor elements left to finalise before the end of the financial year.
- All Together – an adverse variance of £72k is expected. Anticipated costs include equipment requirements for Endeavour House, Customer Access and Touchdown Points.
- Property Services – a favourable variance of £111k is forecast in relation to Corporate Buildings, Carbon Reduction etc. This underspend can be utilised to support the work surrounding the All Together programme.

Housing Revenue Account (HRA - Council Housing)

11.16 In relation to the HRA Revenue Budget, the position on key activity areas is as follows:

| Explanation | HRA Qtr 3 Amount (£,000) Favourable / (Adverse) | HRA Qtr 3 Amount (£,000) Favourable / (Adverse) | HRA Qtr 3 Amount (£,000) Favourable / (Adverse) |
|---|---|---|---|
| | Worst | Medium | Best |
| Dwelling Rents and other income – Budget £15.5m | | | |
| <ul style="list-style-type: none"> • Dwelling rents – an adverse variance of £162k rental income is expected due to right to buys and voids being higher than forecast and new homes being sold as Shared Ownership. • Service charges – properties due to be de-sheltered in April 2017 were not | (267) | (267) | (267) |

| | | | |
|--|------|------|------|
| <p>that assumptions made with respect to forecasted income and expenditure were ambitious considering the levels of investment required to introduce the BMBS model.</p> <p>A Project team consisting of the HRA Accountant, Assistant Director and BMBS Corporate Manager has revised forecasts for 2017/18. These are based actual income and expenditure for both Quarters 1, 2, and 3, out turns for previous years and a cautious approach.</p> <ul style="list-style-type: none"> • To create visibility from this piece of work, three scenarios based on worst, medium and best cases for this year end have been produced, refer to Appendix C <ul style="list-style-type: none"> ○ Worst Case scenario - £379k adverse variance. A forecast income shortfall of £751k offset by reduced expenditure of £372k. ○ Medium Case scenario - £297k adverse variance. A forecast income shortfall of £569k offset by reduced expenditure of £272k. ○ Best case scenario - £263k adverse variance. A forecast income shortfall of £501k offset by reduced expenditure of £238k. • Significant work is being undertaken to remedy this position through; <ul style="list-style-type: none"> • Ensuring income is accurately being recouped and extracted from software used. • Increasing productivity • Cleansing data • Developing new ways of working • Appointing to vacant job roles • Reducing costs and increasing income | | | |
| Management and other costs – Budget £3m | | | |
| <ul style="list-style-type: none"> • General Management – an adverse variance of £60k is predicted. It was identified that the 2017/18 budget did not include an amount for Holiday accruals, redundancy costs and NPS Fees. | (96) | (96) | (96) |

| | | | |
|--|-----|-----|-----|
| <ul style="list-style-type: none"> Special Management – an adverse variance of £36k. This is due to the redundancy costs of £23k not being included in the Budget and an increase in repairs costs of £20k. This has been offset by a reduction in Community alarm costs of £7k. | | | |
| Funding the Capital Programme - Budget £5.6m | | | |
| <ul style="list-style-type: none"> RCCO – a forecast favourable variance of £118k (£400k Q2) can be attributed to expected underspend in capital maintenance. See 11.21 for the breakdown of the movement in variance from Q2. | 118 | 118 | 118 |
| Borrowing and associated costs – Budget £2.8m | | | |
| <ul style="list-style-type: none"> Loan repayments – a favourable variance of £324k is anticipated due to the recalculation of the interest on internal loans within the HRA business model. These are short term loans with other LA's and the HRA business model was forecasting a charge of 3.5% but this has now been reduced to a contingent amount of 0.5%. | 324 | 324 | 324 |
| HRA Deficit - Budget transfer from reserves (£714k) | | | |
| <ul style="list-style-type: none"> The Surplus/(Deficit) figure will alter depending on the net total of the above variances. As we have three different scenarios for BMBS this will also be shown as Worst/Medium/Best for comparison. <ul style="list-style-type: none"> Worst case. The total of the above variances will reduce the net budget deficit to (£702k). Medium case. The total of the above variances will reduce the net budget deficit to (£612k). Best case. The total of the above variances will reduce the net budget deficit to (£537k). | 12 | 102 | 177 |

Any areas where budgets have been over or under stated were reviewed as part of the 2018/19 budget setting process.

- 11.17 The recent Government announcement that LA's can increase rents by CPI +1% for five years from 2020/21 has been amended in the HRA business model. This was reflected in the Budget 2018/19 MTFS report.
- 11.18 A successful legal challenge by NPS (Norfolk Property Services) in relation to a specific termination clause in a former contract has resulted in a cost pressure of £110k. This has been absorbed within management and other costs.
- 11.19 The decision to apply a LHA cap on housing benefits paid to Supported and Social Housing tenants has now been scrapped which will relieve pressure on the anticipated rent arrears this would have caused.
- 11.20 No further updates have been issued by the Government regarding the sale of high value council houses levy, but this continues to be monitored, and once details are fully known and understood a further review of the business plan will be undertaken.

HRA Capital

- 11.21 Investment plans for this year total £8.6m (including carry forwards of £0.6m) as set out in Appendix B. A favourable variance of £118k is forecast the breakdown of which is below:-

- Planned maintenance variance of £11k favourable is due to the change in policy to carry out a 20% stock condition survey this year. Ridge has been appointed to carry out the work by February 2018 when a robust 30-year Capital programme can be developed.

The original Q2 forecast of £400k favourable variance has been reduced by £390k mainly following a contract for roofing (£264k) being entered into earlier than anticipated and an increase in fencing and structural repairs.

- ICT is forecasting a £70k favourable variance due to reduced consultancy costs, as we have taken on some work in-house, and the number of days Capita, who own the Open Housing system, have been able to support us.
- Unity Redevelopment programme has completed £37k under budget.
- New builds and acquisition expenditure is forecast to be in line with Budget.

HRA Reserves

- 11.22 The HRA Assistant Director has initiated a new innovative scheme called the "Big 20" for both Babergh and Mid Suffolk District Councils. The aim of the scheme is to encourage HRA employees to produce ideas of how the HRA can save money, create income, improve services, etc.

The Housing Management Team will look at the ideas at and a maximum amount of £10k per scheme will be available to investigate and fund the best ideas based on certain criteria (costs vs returns, capacity, legality, if it meets strategic priorities, etc.).

Employees will then be given feedback on successful ideas and why other ideas are not being looked into further, so they remain engaged and encouraged to continue to produce ideas going forward.

To fund this scheme, we propose to transfer £100k from the Strategic Priorities reserve to an earmarked reserve called "Big20". The balance in the Strategic Priorities forecast to be £3.9m at 31st March 2018.

12 Appendices

| Title | Location |
|---|----------|
| APPENDIX A – Transformation Fund | Attached |
| APPENDIX B – Capital Programme | Attached |
| APPENDIX C – BMBS scenarios | Attached |

13 Background Documents

23 February 2017 Budget Report 2017/18 – C/03/17

13 October 2017 Financial Monitoring Quarter 1 – Mca/17/18

4 December 2017 Financial Monitoring Quarter 2 – Mca/17/32

Authorship:

Katherine Steel (01449) 724806
Assistant Director - Corporate Resources katherine.steel@baberghmidsuffolk.gov.uk

Melissa Evans 07860 296320
Corporate Manager Financial Services Melissa.evans@baberghmidsuffolk.gov.uk

Sharon Bayliss (01473) 296316
Senior Finance Business Partner sharon.bayliss@baberghmidsuffolk.gov.uk

Gavin Fisk 07891 807490
Associate Director – Housing Gavin.fisk@baberghmidsuffolk.gov.uk

Tricia Anderson 07702 897095
HRA Accountant Tricia.anderson@baberghmidsuffolk.gov.uk

TRANSFORMATION FUND – PROJECTS

APPENDIX A

| Project | Responsible Officer | Date of Approval | Budget | Cumulative spend to 2016/17 | | Apr 17 - Dec 17 | | Total Spend | Variance - favourable / + adverse | Outcomes | |
|---------------------------------|---|---|--------|-----------------------------|--------|-----------------|--------|-------------|-----------------------------------|----------|--|
| | | | | BDC | MSDC | BDC | MSDC | | | | |
| CONTINUING PROJECTS | | | | | | | | | | | |
| Assets & Investments | | | | | | | | | | | |
| 1 | Strategic Leisure Review - comprehensive condition survey of all 4 leisure facilities to understand future costs requirements. Additional Resources for; Phase 1 - will be informed by the evidence from the strategic review of our built sports facilities and playing pitches (which is due to complete in October 2015), and will allow us to undertake a joint leisure strategy and investment plan for both Councils. Phase 2 - to undertake an independent review of the current contractual arrangements (with SLM and SSL) and deliver future delivery options in line with the strategy. This will involve a review of all existing legal and contractual documentation, leases and management agreements, options appraisal, and our capital investment strategy for these assets and for making recommendations Funding to pay for two Leisure Industry specialists (Project Manager for phase 1, external consultant for phase 2) | Chris Fry | May-16 | 126,100 | 44,801 | 37,231 | 11,960 | 11,960 | 105,952 | -20,148 | |
| 2 | Capital Investment Strategy (CIS) – external professional advisers to support the development of the Capital Investment Strategy, as well as the associated governance framework and delivery model to support implementation of a Capital Investment Fund and provision of a fixed term post for two years - to provide direct specialist technical support to the establishment and implementation of the development and regeneration pipeline | Louise Rawsthorne / Jill Pearmain / Ann Bennett | Aug-16 | 136,285 | 51,088 | 51,088 | 16,181 | 16,181 | 134,537 | -1,748 | A wide range of contribution to outcomes have been achieved including; the set-up of an Incorporated Company Structure including CIFCO Capital Ltd and progression of a range of key housing and regeneration projects including the affordable housing programme and other commercial projects |
| Business Growth | | | | | | | | | | | |
| 3 | Extension of fixed term Heritage & Design officer post for 2 years to support work on securing heritage assets | James Buckingham | Oct-15 | 69,000 | 17,215 | 17,215 | 11,254 | 11,254 | 56,938 | -12,062 | Fulfilling obligation to provide the Local Planning Authority with appropriate advice in relation to Listed Building consents and planning permissions and to conserve and enhance the historic environment. The resource for this activity has been recognised as part of Councils' core functions and the post has therefore been incorporated within the core budget. |
| 4 | To support the installation of one or more Electric Vehicle (EV) charging points - Sudbury. Babergh only - Capital | James Buckingham | Mar-17 | 44,000 | 0 | 0 | 11,886 | 0 | 11,886 | -32,114 | 2 installations located in key market towns at locations where there are 'gaps' in the national network. |
| 5 | Hadleigh Market - consultancy costs to test whether it is possible to develop and grow Hadleigh Market into a successful town market. BDC Only | Lee Carvell | Apr-16 | 22,000 | 5,794 | 0 | 4,633 | 0 | 10,428 | -11,572 | The town centre has seen an increase in footfall, leading to more visitors supporting the local economy. Stall numbers have risen from 3 to 12 regular traders. Most if not all of this investment will be recouped through increased revenue by end of the project. |

TRANSFORMATION FUND – PROJECTS

APPENDIX A

| Project | Responsible Officer | Date of Approval | Budget | Cumulative spend to 2016/17 | | Apr 17 - Dec 17 | | Total Spend | Variance - favourable / + adverse | Outcomes | |
|----------------------------|--|------------------|--------|-----------------------------|--------|-----------------|--------|-------------|-----------------------------------|----------------|--|
| | | | | BDC | MSDC | BDC | MSDC | | | | |
| CONTINUING PROJECTS | | | | | | | | | | | |
| Business Growth | | | | | | | | | | | |
| 6 | Additional Economic Development capacity to support a number of initiatives aimed at increasing economic growth e.g. key sites, market towns and engaging businesses - 18 month extension | Lee Carvell | Feb-17 | 332,770 | 98,670 | 98,551 | 38,279 | 38,279 | 273,778 | -58,992 | Significant deliverables towards Joint Strategic Plan and business growth priorities including visioning work in Sudbury and Stowmarket, Economic Strategy development, Enterprise Zone and other major products to increase jobs, business value, business rates base. |
| 7 | Extend the Enabling Officer, Community Led Planning post from mid-2016 until mid-2017 | Bill Newman | Feb-16 | 49,000 | 8,184 | 20,123 | 6,296 | 7,758 | 42,361 | -6,639 | To ensure the neighbourhood plan is successful through the examination and referendum process, i.e. the neighbourhood plan is adopted. |
| 8 | Retrospective funding for 2016/17 (year 2) and 2017/18 (year 3) of a three year contract for the 'Visit East Anglia / Visit Suffolk' contract which is due to finish in March 2018. | Lee Carvell | Oct-16 | 40,000 | 10,000 | 10,000 | 10,000 | 10,000 | 40,000 | 0 | Promoting the County visitor economy offer and brand - to increase visitor stay and spend. Supporting all levels of tourism businesses and groups. Supporting the transition from public sector funding to private sector led. All LAs contribute plus SCC and New Anglia LEP. |
| 9 | Town Visioning Engagement Project - the Open For Business Team will lead the work with local communities to deliver a Vision that can be used to inform later policy-making and decisions that affect the towns. The Vision is intended to establish a high-level aspiration for the towns, setting out the community's key desires and wishes for the town they would like to live in and for businesses to operate from. This is a new way for the communities to be involved in Strategic Planning of the towns (the innovation). | Lee Carvell | May-17 | 8,500 | 0 | 0 | 0 | 0 | 0 | -8,500 | Place shaping and regeneration work in consultation with stakeholders and communities in our market towns and greater areas. Will lead to tangible delivery/action plans and tangible outputs and investment to stimulate growth and place identity. |
| 10 | To provide support funding that enables local business to be promoted effectively at the Suffolk Show event being held in conjunction with the English National Sheepdog Trial 2017. Additional financial resource would enable a dedicated resource to professionalise the social media promotion, recruit traders and craftspeople and to organise the tourism showcase ensuring that the event is of value to our economy. MSDC only | Lee Carvell | May-17 | 5,000 | 0 | 0 | 0 | 4,898 | 4,898 | -102 | Putting MSDC on the map as a venue for nationally significant events and allowing our SME businesses to showcase their products, skills and contribution towards local and wider economic priorities . |
| 11 | NEW To support the development of a Technology Hub / Innovation Centre with the District by providing a project co-ordinator and for the fusing of a feasibility study. MSDC only | Lee Carvell | Oct-17 | 50,000 | 0 | 0 | 0 | 0 | 0 | -50,000 | Enabling MSDC to lead in this area to develop a 'tech hub offer' in the districts to retain, attract and grow SMEs. Business rates, jobs and place shaping benefits. Supports Enterprise Zone and Investment Strategy work. |

TRANSFORMATION FUND – PROJECTS

APPENDIX A

| | | Responsible Officer | Date of Approval | Budget | Cumulative spend to 2016/17 | | Apr 17 - Dec 17 | | Total Spend | Variance - favourable / + adverse | Outcomes |
|------------------------------------|---|---------------------|------------------|----------------|-----------------------------|--------|-----------------|---------|----------------|-----------------------------------|--|
| | | | | | BDC | MSDC | BDC | MSDC | | | |
| CONTINUING PROJECTS | | | | | | | | | | | |
| Business Growth | | | | | | | | | | | |
| Community Capacity Building | | | | | | | | | | | |
| 12 | Additional locality capacity in the Communities Team - 40% BDC, 60% MSDC | Sue Clements | May-16 | 90,000 | 27,611 | 41,241 | 12,649 | 14,835 | 96,337 | 6,337 | Dedicated coverage of the Stowmarket Locality including enabling direct engagement with Cedars Park CIC, working together with organisations supporting young people etc. Plus Supporting the Safe Agenda e.g. developing the opportunity to better inform and advice our Taxi Drivers across Babergh & Mid Suffolk on safeguarding and the prevent agenda, delivery of safeguarding training for both adults and children to our internal teams etc |
| 13 | Delivery of the Public Realm Review which will transform the management and utilisation of our public realm assets which include Open Spaces, Amenity areas, car parks and Countryside assets. | Peter Garrett | Jul-16 | 60,000 | 10,355 | 10,355 | 12,525 | 12,525 | 45,761 | -14,239 | To provide expertise to carry out an options appraisal to assess the delivery of public realm service for both Councils. This is now complete and a separate report will be presented to cabinet. |
| 14 | Increase staff resources - one day a week for the Tourism Development Officer role | Lee Carvell | Nov-16 | 9,000 | 1,765 | 1,765 | 3,020 | 3,020 | 9,571 | 571 | Has enabled increased work with local tourism action groups, developing our links to regional tourism network, increasing visitor spend and stay. |
| Efficient Organisation | | | | | | | | | | | |
| 15 | Buildings at risk - to support a targeted approach towards dealing with Heritage at Risk in Babergh and Mid Suffolk with the view to finding viable uses for those buildings at risk and reducing the overall number, to also support the planning transformation programme by producing information and guidance to support decision-making activities and the management of heritage assets. 12 month extension. | James Buckingham | Feb-17 | 17,816 | 3,106 | 1,486 | 7,870 | 7,870 | 20,331 | 2,515 | Activity has been recognised as part of Councils' core functions and the post has been incorporated in the core budget. An underspend in staffing costs in 2017/18 as a result of vacancies will cover the costs. |
| 16 | To extend the current room rental agreement with The Mix in Stowmarket from it's current end date of 31 March 2017 to match the final end of contract date of 31 December 2017. This will enable the delivery of the current Mygo contract to continue from the current location ensuring continuity for service users to the end of the project lifetime. MSDC only | Lee Carvell | Apr-17 | 9,257 | 0 | 0 | 0 | 0 | 0 | -9,257 | Support for young people in employability and skills, helping them into jobs, improving their wellbeing and confidence and reducing pressure on benefits system. Supporting vital local facilities. |
| 17 | Support for public access and streamlining information management for both the Councils external website and CONNECT | Carl Reeder | Oct-15 | 96,852 | 13,414 | 13,414 | 14,148 | 14,148 | 55,124 | -41,728 | Website up and running. Support for Public Access provision and Web development to in core budget 18/19 in Customer Services |
| 18 | ALL TOGETHER - majority of costs at this stage relate to scanning - to improve accessibility to both officers and members of the public by going 'paperless'. Ensure that all information is accessible electronically. The amount sought will be increased as part of the overall one-off costs of moving to Endeavour House when they are finalised. INCLUDES TPMS | Carl Reeder | Sep-16 | 889,000 | 31,137 | 31,153 | 330,870 | 330,870 | 724,029 | -164,971 | Move to Endeavour House (EH) completed December 2017. Customer Access Points and Touch Down Points commenced use November 2017. Still decommissioning former HQ offices and finalising lease payments for EH. Full actual cost picture expected for Outturn |

TRANSFORMATION FUND – PROJECTS

APPENDIX A

| | | Responsible Officer | Date of Approval | Budget | Cumulative spend to 2016/17 | | Apr 17 - Dec 17 | | Total Spend | Variance - favourable / + adverse | Outcomes |
|----|---|---------------------|------------------|---------|-----------------------------|---------|-----------------|--------|-------------|-----------------------------------|--|
| | | | | | BDC | MSDC | BDC | MSDC | | | |
| | CONTINUING PROJECTS | | | | | | | | | | |
| | Efficient Organisation | | | | | | | | | | |
| 19 | Strengthening Governance through the implementation of the Leader- Cabinet form of Governance | Emily Yule | Mar-17 | 55,028 | 5,659 | 5,659 | 8,089 | 8,089 | 27,495 | -27,533 | Leader Cabinet model implemented, no additional costs expected |
| 20 | NEW To commissioning telephone polling (subject to Cabinet decisions) to explore the issue of Babergh and Mid Suffolk dissolving and becoming a new council. | Emily Yule | Oct-17 | 60,000 | 0 | 0 | 10,289 | 10,289 | 20,579 | -39,422 | Polling initiated. Awaiting feedback on the responses. |
| | Housing Delivery | | | | | | | | | | |
| 21 | Delivery of a proactive monitoring and enforcement function, to support the work of the existing Planning Enforcement team and the new Infrastructure team - Shared Services Monitoring Officer 40% BDC 60% MSDC | James Buckingham | Feb-16 | 62,250 | 8,855 | 13,282 | 9,353 | 14,016 | 45,505 | -16,745 | Bringing forward timely delivery of developer contributions (financial and non-financial mitigation secured by CIL and S106), triggered by commencement of development. Reduced incidence of commencement of development involving a breach of planning control - subsequent reduction in enforcement investigation and regularisation work for the Planning Enforcement and DM teams. |
| 22 | Additional resources to enable Senior Planning Officer level to be released to support delivery of the planning transformation programme | Trevor Saunders | Oct-16 | 205,000 | 14,619 | 14,619 | 32,912 | 32,912 | 95,061 | -109,939 | |
| | Housing Delivery/Business Growth | | | | | | | | | | |
| 23 | Commissioning of external specialist feasibility / viability work on key sites as required, to be able to move them forward for approval and development to support economic and housing growth | Lou Rawsthorne | Jan-15 | 475,000 | 117,660 | 57,496 | 67,313 | 58,215 | 300,685 | -174,315 | A wide range of contribution to outcomes has been achieved including: the set-up of an Incorporated Company Structure including CIFCO Capital Ltd and progression of a range of key housing and regeneration projects which include the affordable housing programme and other commercial projects |
| 24 | Creation of a new Infrastructure ODT to support and secure the implementation of CIL and effective operational processes. Staffing costs absorbed into Core Budget. | Bill Newman | Jul-15 | 235,000 | 126,755 | 107,403 | 0 | 0 | 234,159 | -841 | Both Councils are effective collection authorities for CIL. Further development of the expenditure side of CIL is required. |

TRANSFORMATION FUND – PROJECTS

APPENDIX A

| | Responsible Officer | Date of Approval | Budget | Cumulative spend to 2016/17 | | Apr 17 - Dec 17 | | Total Spend | Variance - favourable / + adverse | Outcomes | |
|--|---|------------------|--------|-----------------------------|------------------|------------------|----------------|----------------|-----------------------------------|-----------------|--|
| | | | | BDC | MSDC | BDC | MSDC | | | | |
| CONTINUING PROJECTS | | | | | | | | | | | |
| Housing Delivery/Business Growth | | | | | | | | | | | |
| 25 | External support to undertake Local Housing Needs Surveys | Bill Newman | Feb-16 | 20,000 | 2,709 | 2,709 | 0 | 3,740 | 9,158 | -10,842 | Has enabled the Councils and been really important in determining housing mix when considering planning applications. |
| 26 | Additional staffing capacity to migrate historic and future developer contribution information to the new ICT system supporting the Community Infrastructure Levy | Bill Newman | Jun-16 | 98,000 | 38,086 | 36,681 | 6,585 | 6,585 | 87,937 | -10,063 | The CIL team continued the work and entered this into Exacom. Phase one of the project is complete with a further four phases to complete. |
| 27 | Building the evidence base for the Joint Local Plan - the requirement to hold and maintain accurate baseline information within GIS underpins the preparation of the Joint Local Plan and land allocation strategy. | Bill Newman | Aug-16 | 44,000 | 21,297 | 22,699 | 5,907 | 5,907 | 55,809 | 11,809 | Published draft SHELAA in August 2017. Joint Local Plan consultation document published in August 2017. Neighbourhood plan designation maps produced. Improved data and knowledge on infrastructure. |
| General Transformation - other projects | | | | | | | | | | | |
| 28 | - Core Staffing not allocated to a specific project | Melissa Evans | | 585,858 | 147,636 | 168,222 | 78,272 | 78,272 | 472,402 | -113,456 | |
| 29 | - Other | Melissa Evans | | 50,000 | 16,643 | 33,171 | 0 | 2,100 | 51,914 | 1,914 | |
| CONTINUING PROJECTS SUB-TOTAL | | | | 3,944,716 | 823,057 | 795,561 | 710,291 | 703,723 | 3,032,633 | -912,083 | |
| COMPLETED PROJECTS SUB-TOTAL -SEE BELOW | | | | 3,297,443 | 602,215 | 2,593,468 | 10,129 | 9,933 | | | |
| | | | | 7,242,159 | 1,425,272 | 3,389,029 | 720,420 | 713,656 | 3,032,633 | -912,083 | |
| | | | | | | | | | 42% | | |
| BDC OUTSTANDING COMMITMENTS | | | | | | | | | | | |
| <i>Less staffing budgets already accounted for</i> | | | | | | | | | | | |
| BDC TOTAL OUTSTANDING COMMITMENTS | | | | | | | | | | | |
| | | | | | | | | | | | |
| MSDC OUTSTANDING COMMITMENTS | | | | | | | | | | | |
| <i>Less staffing budgets already accounted for</i> | | | | | | | | | | | |
| MSDC TOTAL OUTSTANDING COMMITMENTS | | | | | | | | | | | |

TRANSFORMATION FUND – PROJECTS

APPENDIX A

| Project | Responsible Officer | Date of Approval | Budget | Cumulative spend to 2016/17 | | Apr 17 - Dec 17 | | Total Spend | Variance - favourable / + adverse | Outcomes |
|---|---------------------|------------------|----------------|-----------------------------|--------|-----------------|-------|----------------|-----------------------------------|---|
| | | | | BDC | MSDC | BDC | MSDC | | | |
| COMPLETED PROJECTS | | | | | | | | | | |
| Business Growth | | | | | | | | | | |
| Introduction of Glass collection round for trade waste service (income generation project) - cost of vehicle and wheeled bins - Capital | Ollie Faiers | Dec-15 | 87,273 | 10,137 | 77,137 | 1,800 | 1,800 | 90,874 | 3,601 | By including the collection of glass we were able to plug a gap in our service offering and reducing risk of clients elsewhere. At Service launch, in June 2016, there were 52 paying clients signed up. A total of 353 glass bins are now in place [Dec 2017] across both BDC and MSDC areas. An average of some 15 tonnes of glass is collected weekly and taken out of the general refuse stream per week saving some £63k pa in disposal costs. Overall the commercial collection service seen an increase of 15% |
| Additional capacity within the Licensing Team to enable the Corporate Manager to work on the Open for Business Project thereby supporting business to thrive and grow. Extension of 6 months | Lee Carvell | Jan-15 | 48,000 | 18,478 | 23,407 | 926 | 926 | 43,738 | -4,262 | Provided vital service resilience to Licensing who lost two members of staff in the same period including business continuity to customers who need licences to work/provide facilities and transport. It enabled key economic projects and networking to progress as resource was able to flex around higher priority work. This TF resource also directly helped with Open for Business events, business surveys and consultations |
| Accommodation Review - Phase 1 Analysis and Direction | Louise Rawsthorne | Jan-16 | 100,000 | 48,268 | 46,410 | 2,712 | 2,712 | 100,102 | 102 | |
| Open for Business - filming service area talks so that they are available to a wider audience | Lee Carvell | May-16 | 1,500 | 0 | 0 | 848 | 848 | 1,695 | 195 | Provided 'what we do' talks in an accessible/reusable format to aid awareness of what teams do, supports induction work and provides a more cohesive experience for customers (including businesses) |

TRANSFORMATION FUND – PROJECTS

APPENDIX A

| Project | Responsible Officer | Date of Approval | Budget | Cumulative spend to 2016/17 | | Apr 17 - Dec 17 | | Total Spend | Variance - favourable / + adverse | Outcomes |
|---|---------------------|------------------|-----------|-----------------------------|-----------|-----------------|-------|-------------|-----------------------------------|--|
| | | | | BDC | MSDC | BDC | MSDC | | | |
| COMPLETED PROJECTS | | | | | | | | | | |
| Business Growth | | | | | | | | | | |
| Opportunity to support businesses within the District in benefiting from a photovoltaic array which can provide a percentage of their electricity needs and improve the environmental credentials of the business. The cost of an array can be prohibitive to these businesses but there is an opportunity for the Councils to fully fund the system and obtain a commercial return on the investment i.e. Feed in Tariff - Capital, shared 50:50 - NO LONGER REQUIRED | James Buckingham | Dec-16 | 200,000 | 0 | 0 | 0 | 0 | 0 | -200,000 | Although the scheme was viable, significant marketing and direct approaches to local businesses (resourced from core service budgets), found that the 65% reduction in Feed in Tariff payments by Central Government, combined with general uncertainty, discouraged businesses from committing to a 20+ year investment. |
| External support to create Joint Local Plan plus the building of the evidence base (DUPLICATE) | Bill Newman | Feb-16 | 45,000 | 0 | 0 | 0 | 0 | 0 | -45,000 | DUPLICATE |
| Housing Delivery | | | | | | | | | | |
| Review leasehold and right to buy service to ensure fit for purpose for the future. | Gavin Fisk | Apr-16 | 40,000 | 8,663 | 8,663 | 3,648 | 3,648 | 24,622 | -15,378 | |
| Community Engagement Planning - support for the Third Stage of the agreed programme to develop a coherent engagement plan to ensure the messages on growth to our communities are coherent and closely coordinated. | David Clarke | Feb-16 | 20,698 | 7,570 | 7,350 | 196 | 0 | 15,116 | -5,582 | This funding helped us to deliver 27 Community events which were positioned to engage our communities on the positive case for growth and so to explain both the processes involved in strategic planning and also the irrefutable evidence that supported these plans. Over 700 people attended and we received more than 1,000 comments. This was an unprecedented response to the formal consultation of the draft local plan and indicates that this was the correct investment. |
| Additional resources within the Strategic Housing Team to support housing growth | Bill Newman | Nov-14 | 187,000 | 74,587 | 74,787 | 0 | 0 | 149,373 | -37,627 | People employed to provide additional capacity to set up the Councils' new build programme, achieve planning permission, and access Homes and Communities Agency grant funding. Developed a client specification for the build contract. Worked through the procurement and tendering exercise for contractors. Ensured schemes were then built out on site. Also provided support when discussing the affordable housing requirements in schemes through section 106 agreements. This is up to March 2016. Development of homes by the Councils. Appropriate delivery of affordable housing through section 106 agreements. |
| COMPLETED PROJECTS CURRENT YEAR AS ABOVE SUB-TOTAL | | | 297,471 | 93,116 | 162,968 | 10,129 | 9,933 | 276,146 | -21,325 | |
| COMPLETED PROJECTS PREVIOUS YEARS SUB-TOTAL | | | 2,754,972 | 509,099 | 2,430,500 | 0 | 0 | 2,939,599 | 184,627 | |
| COMPLETED PROJECTS TOTAL | | | 3,297,443 | 602,215 | 2,593,468 | 10,129 | 9,933 | 3,215,745 | -81,698 | |

APPENDIX B

| MID SUFFOLK CAPITAL PROGRAMME 2017/18 | Budget | Revised Budget inc Carry Forwards | Actual Spend Apr- Dec | Variance - budget LESS actual spend | Forecast Outturn | Variance to Forecast favourable /(adverse) |
|--|---------------|---|--------------------------|---|---------------------|---|
| HOUSING REVENUE ACCOUNT | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Projects | | | | | | |
| Planned maintenance | 3,321 | 3,223 | 1,341 | 1,882 | 3,212 | 11 |
| ICT Projects | 85 | 280 | 74 | 206 | 210 | 70 |
| Environmental Improvements | 40 | 10 | 6 | 4 | 10 | 0 |
| Unity Redevelopment | | 204 | 152 | 52 | 167 | 37 |
| Disabled Facilities work | 200 | 226 | 84 | 142 | 226 | 0 |
| New build programme inc acquisitions | 4,432 | 4,896 | 2,909 | 1,987 | 4,896 | -0 |
| Total HRA Capital Spend | 8,078 | 8,839 | 4,566 | 4,273 | 8,721 | 118 |
| MID SUFFOLK CAPITAL PROGRAMME 2017/18 | | | | | | |
| GENERAL FUND | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Supported Living | | | | | | |
| Mandatory Disabled Facilities Grant | 300 | 489 | 241 | 248 | 489 | 0 |
| Discretionary Housing Grants | 100 | 100 | 51 | 49 | 100 | 0 |
| Empty Homes Grant | 100 | 210 | 59 | 151 | 210 | 0 |
| Total Supported Living | 500 | 799 | 352 | 447 | 799 | 0 |
| Strategic Planning | | | | | | |
| Grants for Affordable Housing | 100 | 500 | 1 | 499 | 500 | -0 |
| Total Strategic Planning | 100 | 500 | 1 | 499 | 500 | -0 |
| Sustainable Environment | | | | | | |
| Streetlights/carpark light fittings to LED equivalents - TF funded | 0 | 44 | | 44 | 44 | 0 |
| Total Sustainable Environment | 0 | 44 | 0 | 44 | 44 | 0 |
| Environment and Projects | | | | | | |
| Replacement Refuse Freighters - Joint Scheme | 170 | 170 | 183 | -13 | 183 | -13 |
| Recycling Bins | 100 | 136 | 59 | 77 | 80 | 56 |
| Total Environmental Services | 270 | 306 | 242 | 65 | 263 | 44 |
| Communities and Public Access | | | | | | |
| Planned Maintenance / Enhancements - Car Parks | 204 | 201 | 1 | 200 | 77 | 124 |
| Streetcare - Vehicles and Plant Renewals | 81 | 81 | 140 | -59 | 140 | -59 |
| Play Equipment | 25 | 55 | 30 | 25 | 30 | 25 |
| Community Development Grants | 189 | 389 | 94 | 295 | 389 | 0 |
| Total Communities and Public Access | 499 | 726 | 265 | 461 | 636 | 90 |
| Leisure Contracts | | | | | | |
| Mid Suffolk Leisure Centre - structural repairs | 43 | 44 | 0 | 44 | 1 | 43 |
| Mid Suffolk Leisure Centre - roofing | 170 | 167 | 33 | 134 | 367 | -200 |
| Mid Suffolk Leisure Centre - general repairs | 200 | 200 | 0 | 200 | 0 | 200 |
| Mid Suffolk Leisure Centre - car park | 120 | 123 | 0 | 123 | 63 | 60 |
| Stradbroke Pool - general repairs | 98 | 119 | 3 | 116 | 4 | 115 |
| Total Leisure Contracts | 631 | 652 | 36 | 617 | 434 | 219 |
| Capital Projects | | | | | | |
| HQ - Equipment Renewals | 20 | 20 | 0 | 20 | 0 | 20 |
| Planned Maintenance - Corporate Buildings | 82 | 81 | 2 | 79 | 40 | 41 |
| Carbon Reduction | 50 | 50 | 0 | 50 | 0 | 50 |
| Installation of PV Panels on Housing Stock | 0 | 2 | 20 | -17 | 2 | 0 |
| Total Capital Projects | 152 | 153 | 21 | 132 | 42 | 111 |
| Investment and Commercial Delivery | | | | | | |
| Open for Business | 30 | 30 | 0 | 30 | 0 | 30 |
| Land assembly, property acquisition and regeneration opportunities | 1,925 | 1,925 | 147 | 1,778 | 225 | 1,700 |
| Total Investment and Commercial Delivery | 1,955 | 1,955 | 147 | 1,808 | 225 | 1,730 |
| Corporate Resources | | | | | | |
| ICT - Hardware / Software costs | 763 | 780 | 397 | 383 | 535 | 246 |
| All Together | 0 | 209 | 4 | 205 | 281 | -72 |
| CCTV | 0 | 1 | 0 | 1 | 1 | -1 |
| Total Corporate resources | 763 | 989 | 401 | 588 | 816 | 173 |
| Delivery Programme Investment Opportunities | 0 | 25,000 | 1,845 | 23,155 | 12,360 | 12,640 |
| Total General Fund Capital Spend | 4,869 | 31,124 | 3,310 | 27,814 | 16,118 | 15,006 |
| Total Capital Spend | 12,947 | 39,963 | 7,876 | 32,087 | 24,839 | 15,124 |

APPENDIX C

| Mid Suffolk BMBS Scenario Results for revised Forecast 2017/18 | | | | | | | | |
|--|----------------------------|---------------------------|----------------------------|--------------------------|--|------------------|------------------|------------------|
| Code Description | MSDC Original Budget | MSDC Forecast Worst | MSDC Forecast Medium | MSDC Forecast Best | | Difference W | Difference M | Difference B |
| 8199 BMBS trading A/C | | | | | | | | |
| H1001 Salaries | 681,849 | 681,849 | 681,849 | 681,849 | | - | - | - |
| H1003 Overtime & Holiday Pay | - | - | - | - | | - | - | - |
| H1011 ER NI Contribs | 64,837 | 64,837 | 64,837 | 64,837 | | - | - | - |
| H1021 ER Pension Contribs | 153,492 | 153,492 | 153,492 | 153,492 | | - | - | - |
| H1031 Agency Staff | - | - | - | - | | - | - | - |
| H1041 Subsistence | 883 | 883 | 883 | 883 | | - | - | - |
| H1043 Training | 4,905 | 4,905 | 4,905 | 4,905 | | - | - | - |
| H1053 Misc Employee Costs | - | - | - | - | | - | - | - |
| H1061 Savings contingency | - 26,667 | - | - | - | | 26,667 | 26,667 | 26,667 |
| H2001 Annual Bldg Maint Contracts | - | - | - | - | | - | - | - |
| H2010 Repairs | 280,000 | - | - | - | | - 280,000 | - 280,000 | - 280,000 |
| H2014 BMBS Repairs Work | - | - | - | - | | - | - | - |
| H2022 NNDR Payable | 1,200 | 1,200 | 1,200 | 1,200 | | - | - | - |
| H2031 Electricity | - | - | - | - | | - | - | - |
| H2042 Misc Premises Costs | 221,987 | 2,816 | 5,632 | 8,447 | | - 219,171 | - 216,355 | - 213,540 |
| H2048 Fire Prevention | - | 1,000 | 1,000 | 1,000 | | 1,000 | 1,000 | 1,000 |
| H3001 Computer Eqpt Purchases | - | 1,000 | 1,000 | 1,000 | | 1,000 | 1,000 | 1,000 |
| H3011 Telephone Costs | - | 2,000 | 2,000 | 2,000 | | 2,000 | 2,000 | 2,000 |
| H3025 Postage | - | 100 | 100 | 100 | | 100 | 100 | 100 |
| H3031 Equipment, Tools & Materials | 455,781 | 100 | 100 | 100 | | 100 | 100 | 100 |
| H3032 Operating Lease Payments | - | 643,852 | 740,430 | 772,623 | | 188,071 | 284,649 | 316,842 |
| H3033 Protective clothing | - | - | - | - | | - | - | - |
| H3042 Contracted Services | 140,921 | - | - | - | | - | - | - |
| H3054 Subscriptions | 1,000 | 24,254 | 24,254 | 24,254 | | - 116,667 | - 116,667 | - 116,667 |
| H3067 Transfer of Waste | 1,000 | 1,000 | 1,000 | 1,000 | | - | - | - |
| H3068 Waste Disposal | 4,000 | 1,000 | 1,000 | 1,000 | | - | - | - |
| H3071 Container Charges | 1,500 | 4,000 | 4,000 | 4,000 | | - | - | - |
| H3106 Misc Supplies & Services Costs | - | 1,500 | 1,500 | 1,500 | | - | - | - |
| H4001 Car Mileage Allowance | - | - | - | - | | - | - | - |
| H4002 Essential User Allowances | - | 1,000 | 1,000 | 1,000 | | 1,000 | 1,000 | 1,000 |
| H4003 Public Transport Costs | - | 500 | 500 | 500 | | 500 | 500 | 500 |
| H4011 Lease Cars - Payment | - | 60 | 60 | 60 | | 60 | 60 | 60 |
| H4014 Plant & Vehicle Fuel | 99,448 | 75,215 | 75,215 | 75,215 | | 75,215 | 75,215 | 75,215 |
| H4015 Plant & Vehicle - Other costs | 27,960 | 47,555 | 47,555 | 47,555 | | - 51,893 | - 51,893 | - 51,893 |
| H4017 Vehicle Insurance Excess | - | 27,960 | 27,960 | 27,960 | | - | - | - |
| H5000 Corporate Recharges In | 72,107 | - | - | - | | - | - | - |
| Total expenses | 2,186,203 | 1,742,078 | 1,841,472 | 1,876,480 | | - 372,018 | - 272,624 | - 237,616 |
| H5005 Capital Income | - 588,600 | - 161,035 | - 185,190 | - 201,294 | | 427,565 | 403,410 | 387,306 |
| H5006 Responsive Repairs (HRA Rev) | - 846,064 | - 740,971 | - 852,116 | - 889,165 | | 105,093 | - 6,052 | - 43,101 |
| H5007 Voids Income | - 371,949 | - 285,615 | - 328,457 | - 342,738 | | 86,334 | 43,492 | 29,211 |
| H5008 Other Housing Projects | - 29,921 | - | - | - | | 29,921 | 29,921 | 29,921 |
| H5009 Aids & Adaptations | - 98,100 | - 16,774 | - 19,290 | - 20,129 | | 81,326 | 78,810 | 77,971 |
| H5010 Corporate Works GF | - 24,525 | - 4,711 | - 5,417 | - 5,653 | | 19,814 | 19,108 | 18,872 |
| H7021 Payments to Tenants | - | 273 | 314 | 328 | | 273 | 314 | 328 |
| H9501 Misc Income | - | - 4,010 | - 4,612 | - 4,813 | | - 4,010 | - 4,612 | - 4,813 |
| H9998 Recharge to HRA | - 2,426 | 2,157 | 2,481 | 2,588 | | 4,583 | 4,907 | 5,014 |
| Total income | -1,961,585 | -1,210,685 | -1,392,288 | -1,460,874 | | 750,900 | 569,297 | 500,711 |
| 8199 BMBS trading A/C Total | 224,618 | 531,393 | 449,184 | 415,606 | | 378,882 | 296,673 | 263,095 |